

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EUR-25 AID-20 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 EB-11 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 INT-08 COME-00 DRC-01

/203 W

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R 281321Z NOV 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 3964

INFO DIA

SECDEF

JCS

CINCPAC

COMUSMACTHAI

COMUSSAG

DAO SAIGON

AMEMBASSY SAIGON

AMEMBASSY BANGKOK

AMEMBASSY SINGAPORE

C O N F I D E N T I A L PHNOM PENH 13152

FOR STATE/AID

E. O. 11652: GDS

TAGS: EFIN, ENRG, MILL, CB

REF: (A) PHNOM PENH 12499 (B) CHMEDTC 12736

1. SUMMARY: AT OUR INSISTENCE THE GKR HAS FINALLY TAKEN SOME  
INITIAL MEASURES TO RATION GASOLINE AND AUTO DIESEL IN THE CIVIL  
SECTOR. MINISTER OF THE PLAN AND ECONOMIC COORDINATOR KHY TAING LIM  
AGREES THAT WE SHOULD JOINTLY REVIEW THE EFFECTIVENESS OF THE  
SYSTEM AT THE END OF THIS WEEK. IN ANY EVENT, IT IS CLEAR  
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THAT RATIONING WILL HAVE TO BE EXTENDED TO ALL POL COMMODITIES

AND THAT PRICES MUST BE INCREASED. END SUMMARY.

2. AFTER MUCH BACKING AND FILLING, THE GKR REINSTITUTED A COUPON RATIONING SYSTEM FOR GASOLINE AND ADO ON FRIDAY, NOVEMBER 23. THE SYSTEM, WHICH WAS DESIGNED LAST AUGUST BUT NEVER FULLY IMPLEMENTED APPLIES ONLY TO MOTOR VEHICLES. THE VALUE OF THE COUPONS HAS BEEN ESTABLISHED TO REDUCE CONSUMPTION BY 40 0/0. THIS WILL REDUCE CONSUMPTION OF 3,200 CUBIC METERS PER MONTH OF THE RATIONED ITEMS BY APPROXIMATELY 1,300 CUBIC METERS. STATIONS WILL BE RESUPPLIED IN QUANTITIES EQUIVALENT TO THE VALUE OF THE COUPONS SURRENDERED. AT THIS POINT, RATIONING WILL NOT APPLY TO GKR ADMINISTRATIVE VEHICLES. ALL STATIONS WILL BE CLOSED ON SUNDAYS. THE WEEKLY RATION ESTABLISHED IS:

- (A) PASSENGER CARS: 15 LITERS
- (B) SMALL PANEL TRUCKS: 40 LITERS
- (C) MOTORCYCLES: 6 LITERS

PUBLIC TRANSPORTATION, SUCH AS MUNICIPAL BUSES, SMALL TAXIS, BUSES AND LONG DISTANCE TAXIS, WILL NOT BE AFFECTED AS THEY WILL BE CALLED UPON TO ACCOMMODATE PASSENGERS AFFECTED BY THE RATIONING. THESE VEHICLES WILL BE ABLE TO OBTAIN THEIR FUELS ONLY AT SPECIFIC STATIONS. VEHICLES BELONGING TO THE ADMINISTRATIVE SECTOR WILL ALSO BE SUPPLIED AT SPECIFIC STATIONS.

3. THE SYSTEM INCLUDES PROVISION FOR POLICE SURVEILLANCE AT EACH PUMP TO ENSURE COMPLIANCE AND ALSO TO PROTECT STATION EMPLOYEES IF NEED BE. THUS FAR, WE HAVE NOTED THAT NO POLICE ASSISTANCE HAS BEEN AFFORDED. OTHERWISE THE SYSTEM SEEMS TO BE WORKING AT THE PUMPS.

4. KHY TAING LIM ADVISED THAT STATIONS WOULD BE CLOSED ON SUNDAYS AND CONSIDERING THE RATIONING SYSTEM, THE GKR DID NOT WANT TO ABSOLUTELY RESTRICT DRIVING ON SUNDAYS. THUS FAR, THE GOVERNMENT COULD NOT BRING ITSELF TO APPLY RATIONING TO OFFICIAL VEHICLES. INSTEAD, THE GKR IS PLANNING TO RETURN TO THE OLD OFFICIAL OFFICE HOURS OF 0730 TO 1400. THIS WOULD ELIMINATE THE NEED FOR GOVERNMENT PERSONNEL TO GO HOME FOR LUNCH AND THEN RETURN. (IT WILL ALSO MEAN THAT GKR OFFICES WILL PROBABLY

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BE MANNED FROM 0800 TO 1300 AS IN THE PAST.)

5. IN THE COURSE OF OUR DISCUSSIONS, WE SAID THAT THE RATIONING SYSTEM MUST BE MONITORED CLOSELY. ALSO, WE POINTED OUT THAT STRINGENT MEASURES WERE ESSENTIAL TO REDUCE CONSUMPTION OF ALL POL PRODUCTS.

6. COMMENT: IN RATIONING GASOLINE AND ADO (FOR MOTOR VEHICLES), THE GKR HAS TAKEN FIRST STEP TOWARD A SUBSTANTIAL OVERALL CUTBACK. CHARGE TOLD KHY TAING LIM TODAY NOVEMBER 28 THAT INITIAL CONSERVATION TARGET MUST BE 25 PERCENT REDUCTION FROM 20,000 CUBIC METER CIVILIAN CONSUMPTION PER MONTH. TO REACH THAT LEVEL, THE FOLLOWING FURTHER MEASURES WILL BE REQUIRED.

A. PRICE INCREASES. THIS WILL BE THE MOST EFFECTIVE MEASURE FOR RATIONING CONSUMPTION. AS INDICATED REF A, WE HAVE RECOMMENDED A REVISED PRICING AND TAX STRUCTURE TO THE GKR WITH PROVISION FOR AUTOMATIC PRICE ADJUSTMENTS AS THE INTERNATIONAL CRISIS INCREASES AND/OR THE RIEL DEPRECIATES. THE COUNCIL OF MINISTERS HAS ACCEPTED IN PRINCIPLE THE CONCEPT OF AUTOMATIC INCREASES. ACCORDING TO KHY TAING LIM, THE POL PRICE WILL BE DECREED TO TAKE EFFECT 01 DECEMBER.

B. THE GKR MUST BREAK DOWN THE 25 PERCENT TARGET BY COMMODITY AND CATEGORY OF USER AND ESTABLISH MEASURES TO PREVENT DELIVERY OF MORE THAN THE SPECIFIED QUANTITY OF FUEL TO EACH. WE WILL PROPOSE AN INITIAL DRAFT OF SUCH MEASURES TO THE GKR IN NEXT FEW DAYS.  
ENDERS

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